

**LISTING RULES AND DISCLOSURE GUIDANCE AND TRANSPARENCY RULES
(DIVERSITY AND INCLUSION) INSTRUMENT 2022**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 73A (Part 6 Rules);
 - (2) section 89O (Corporate governance rules);
 - (3) section 96 (Obligations of issuers of listed securities);
 - (4) section 137A (The FCA’s general rules);
 - (5) section 137T (General supplementary powers); and
 - (6) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 20 April 2022.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes in this instrument listed in column (2) below.

(1)	(2)
Glossary of definitions	Annex A
Listing Rules sourcebook (LR)	Annex B
Disclosure Guidance and Transparency Rules sourcebook (DTR)	Annex C

Citation

- E. This instrument may be cited as the Listing Rules and Disclosure Guidance and Transparency Rules (Diversity and Inclusion) Instrument 2022.

By order of the Board
24 March 2022

Annex A**Amendments to the Glossary of definitions**

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

executive management (in *LR*) the executive committee or most senior executive or managerial body below the board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the company secretary but excluding administrative and support staff.

minority ethnic background (in *LR*) from one of the following categories of ethnic background, as set out in the tables in *LR* 9 Annex 2.1R(b) and *LR* 14 Annex 1.1R(b), excluding the category “White British or other White (including minority-white groups)”:

- (1) Asian/Asian British;
- (2) Black/African/Caribbean/Black British;
- (3) Mixed/Multiple Ethnic Groups; and
- (4) Other ethnic group, including Arab.

Annex B

Amendments to the Listing Rules sourcebook (LR)

In this Annex, underlining indicates new text and striking through indicates deleted text.

9 Continuing obligations

...

9.8 Annual financial report

...

Additional information

9.8.6 R In the case of a *listed company* incorporated in the *United Kingdom*, the following additional items must be included in its annual financial report:

...

(7) a report to the shareholders by the Board which contains the information set out in *LR 9.8.8R*; ~~and~~

(8) a statement setting out:

...

(c) where in its annual financial report or (where appropriate) other document the climate-related financial disclosures referred to in (a) can be found;

(9) a statement setting out:

(a) whether the *listed company* has met the following targets on board diversity as at a chosen reference date within its accounting period:

(i) at least 40% of the individuals on its board of *directors* are women;

(ii) at least one of the following senior positions on its board of *directors* is held by a woman:

(A) the chair;

(B) the chief executive;

(C) the senior independent director; or

(D) the chief financial officer; and

- (iii) at least one individual on its board of *directors* is from a *minority ethnic background*;
- (b) in cases where the *listed company* has not met all of the targets in (a):
- (i) the targets it has not met; and
- (ii) the reasons for not meeting those targets;
- (c) the reference date used for the purposes of (a) and, where this is different from the reference date used for the purposes of reporting this information in respect of the previous accounting period, an explanation as to why; and
- (d) any changes to the board that have occurred between the reference date used for the purposes of (a) and the date on which the annual financial report is approved that have affected the *listed company's* ability to meet one or more of the targets in (a);
- (10) subject to LR 9.8.6GR, numerical data on the ethnic background and the gender identity or sex of the individuals on the *listed company's* board and in its *executive management* as at the reference date used for the purposes of LR 9.8.6R(9)(a), which should be set out in the format of the tables contained in LR 9 Annex 2 and contain the information prescribed by those tables; and
- (11) an explanation of the *listed company's* approach to collecting the data used for the purposes of making the disclosures in LR 9.8.6 R(9) and (10).
- ...
- 9.8.6G R In relation to LR 9.8.6R(10), where individuals on a *listed company's* board or in its *executive management* are situated *overseas*, and data protection laws in that jurisdiction prevent the collection or publication of some or all of the personal data required to be disclosed under that provision, then a *listed company* may instead explain the extent to which it is unable to make the relevant disclosures.
- 9.8.6H G Given the range of possible approaches to data collection for reporting on gender identity or sex for the purposes of LR 9.8.6R(10), a *listed company* may add to the categories included in the first column of the table in LR 9 Annex 2.1R (a) in order to reflect the basis on which it has collected data.
- 9.8.6I G In relation to LR 9.8.6R(11), the FCA expects a *listed company's* approach to data collection to be:
- (a) consistent for the purposes of reporting under both LR 9.8.6R(9) and (10), and

(b) consistent across all individuals in relation to whom data is being reported.

The FCA expects the explanation of a listed company’s approach to data collection to include the method of collection and / or source of the data, and where data collection is done on the basis of self-reporting by the individuals concerned, a description of the questions asked.

9.8.6J G In addition to the information required under LR 9.8.6R (9) to (11) (and without prejudice to the requirements of DTR 7.2.8AR), a listed company may, if it wishes to do so, include the following in its annual financial report:

(a) a brief summary of any key policies, procedures and processes, and any wider context, that it considers contribute to improving the diversity of its board and executive management;

(b) any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of the board or the country where its main operations are located); and

(c) any risks it foresees in being able to meet or continue to meet the board diversity targets in LR 9.8.6R(9)(a) in the next accounting period, or any plans to improve the diversity of its board.

9.8.7 R An overseas company with a premium listing must include in its annual report and accounts the information in LR 9.8.6R(5), LR 9.8.6R(6), LR 9.8.6R(8) to (11) and LR 9.8.8R.

...

After LR 9 Annex 1 (THE MODEL CODE (R)), insert the following annex as LR 9 Annex 2. The text is not underlined.

9 Annex 2 Data on the diversity of the individuals on a listed company’s board and in its executive management

9 Annex 2.1 R The following tables set out the information a listed company must include in its annual financial report under LR 9.8.6R(10), and the format in which it must be set out.

(a) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID	Number in executive management	Percentage of executive management

			and Chair)		
Men					
Women					
[Other categor ies]					
Not specified/ prefer not to say					

[**Note:** the placeholder for ‘Other categories’ is optional and should be used to indicate additional categories which a *listed company* may wish to include in accordance with LR 9.8.6HG.]

(b) Table for reporting on ethnic background

	Number of board members	Perce ntage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in <i>executive managem ent</i>	Percentage of <i>executive managem ent</i>
White British or other White (includin g minority- white groups)					
Mixed/M ultiple Ethnic Groups					
Asian/As ian British					

Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

...

14 Standard listing (shares)

...

14.3 Continuing obligations

...

Information to be included in annual report and accounts

...

14.3.33 R In addition to the requirements set out in DTR 4.1, a company with a standard listing of equity shares (other than an open-ended investment company or shell company) must include in its annual financial report:

(1) a statement setting out:

(a) whether the listed company has met the following targets on board diversity as at a chosen reference date within its accounting period:

(i) at least 40% of the individuals on its board of directors are women;

(ii) at least one of the following senior positions on its board of directors is held by a woman:

(A) the chair;

(B) the chief executive;

- (C) the senior independent director; or
 - (D) the chief financial officer; and
 - (iii) at least one individual on its board of *directors* is from a *minority ethnic background*;
 - (b) in cases where the *listed company* has not met all of the targets in (a):
 - (i) the targets it has not met; and
 - (ii) the reasons for not meeting those targets;
 - (c) the reference date used for the purposes of (a) and, where this is different from the reference date used for the purposes of reporting this information in respect of the previous accounting period, an explanation as to why; and
 - (d) any changes to the board that have occurred between the reference date used for the purposes of (a) and the date on which the annual financial report is approved that have affected the *listed company's* ability to meet one or more of the targets in (a);
 - (2) subject to LR 14.3.34R, numerical data on the ethnic background and the gender identity or sex of the individuals on the *listed company's* board and in its *executive management* as at the reference date used for the purposes of LR 14.3.33 R(1)(a), which should be set out in the format of the tables contained in LR 14 Annex 1 and contain the information prescribed by those tables; and
 - (3) an explanation of the *listed company's* approach to collecting the data used for the purposes of making the disclosures in LR 14.3.33 R(1) and (2).
- 14.3.34 R In relation to LR 14.3.33 R(2), where individuals on a *listed company's* board or in its *executive management* are situated *overseas*, and data protection laws in that jurisdiction prevent the collection or publication of some or all of the personal data required to be disclosed under that provision, then a *listed company* may instead explain the extent to which it is unable to make the relevant disclosures.
- 14.3.35 G Given the range of possible approaches to data collection for reporting on gender identity or sex for the purposes of LR 14.3.33R(2), a *listed company* may add to the categories included in the first column of the table in LR 14 Annex 1.1R(a) in order to reflect the basis on which it has collected data.
- 14.3.36 G In relation to LR 14.3.33R(3), the *FCA* expects a *listed company's* approach to data collection to be:

(a) consistent for the purposes of reporting under both LR 14.3.33R(1) and (2), and

(b) consistent across all individuals in relation to whom data is being reported.

The FCA expects the explanation of a listed company's approach to data collection to include the method of collection and / or source of the data, and where data collection is done on the basis of self-reporting by the individuals concerned, a description of the questions asked.

14.3.37 G In addition to the information required under LR 14.3.33R(1) to (3) (and without prejudice to the requirements of DTR 7.2.8AR), a listed company may, if it wishes to do so, include the following in its annual financial report:

(a) a brief summary of any key policies, procedures and processes, and any wider context, that it considers contribute to improving the diversity of its board and executive management;

(b) any mitigating factors or circumstances which make achieving diversity on its board more challenging (for example, the size of the board or the country where its main operations are located); and

(c) any risks it foresees in being able to meet or continue to meet the board diversity targets in LR 14.3.33R(1)(a) in the next accounting period, or any plans to improve the diversity of its board.

14.3.38 R When making a statement required by LR 14.3.33R(1) in its annual financial report, a closed-ended investment fund need not set out the following matters if they are inapplicable to the closed-ended investment fund and its statement sets out the reasons why those matters are inapplicable:

(1) whether the closed-ended investment fund has met the board diversity target in LR 14.3.33R(1)(a)(ii); and

(2) matters set out in LR 14.3.33R(1)(b) to the extent that they relate to the board diversity target in LR 14.3.33R(1)(a)(ii).

14.3.39 R When including numerical data required by LR 14.3.33R(2) in its annual financial report, a closed-ended investment fund need not include the fields in the first row of each of the tables in LR 14 Annex 1, and the corresponding data for those fields, that are inapplicable to the closed-ended investment fund, if it sets out in a statement accompanying the numerical data the reasons why those fields are inapplicable.

Insert the following annex as LR 14 Annex 1. The text is not underlined.

14 **Data on the diversity of the individuals on a listed company's board and in its**
Annex **executive management**
1

14 R The following tables set out the information a *listed company* must include in
Annex its annual financial report under LR 14.3.33R(2), and the format in which it
1.1 must be set out.

(a) Table for reporting on gender identity or sex

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men					
Women					
[Other categories]					
Not specified/ prefer not to say					

[**Note:** the placeholder for ‘Other categories’ is optional and should be used to indicate additional categories which a *listed company* may wish to include in accordance with LR 14.3.35G]

(b) Table for reporting on ethnic background

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other					

White (including minority-white groups)					
Mixed/Multiple Ethnic Groups					
Asian/Asian British					
Black/African/Caribbean/Black British					
Other ethnic group, including Arab					
Not specified/prefer not to say					

15 Closed-Ended Investment Funds: Premium listing

...

15.4 Continuing obligations

...

Annual financial statement

...

15.4.29 **R** When making a statement required by LR 9.8.6R(9) in its annual financial report, a closed-ended investment fund need not set out the following matters

A

if they are inapplicable to the *closed-ended investment fund* and its statement sets out the reasons why those matters are inapplicable:

- (1) whether the *closed-ended investment fund* has met the board diversity target in LR 9.8.6R(9)(a)(ii); and
- (2) matters set out in LR 9.8.6R(9)(b) to the extent that they relate to the board diversity target in LR 9.8.6R(9)(a)(ii).

15.4.29 R When including numerical data required by LR 9.8.6R(10) in its annual
B financial report, a *closed-ended investment fund* need not include the fields in the first row of each of the tables in LR 9 Annex 2, and the corresponding data for those fields, that are inapplicable to the *closed-ended investment fund*, if it sets out in a statement accompanying the numerical data the reasons why those fields are inapplicable.

...

Insert the following new definitions in the appropriate alphabetical position.

App 1 **Relevant definitions**

App 1.1 **Relevant definitions**

1.1.1 **Note:** The following definitions relevant to the *listing rules* are extracted from the *Glossary*.

...

<u><i>executive management</i></u>	<u>the executive committee or most senior executive or managerial body below the board (or where there is no such formal committee or body, the most senior level of managers reporting to the chief executive), including the company secretary but excluding administrative and support staff.</u>
<u><i>minority ethnic background</i></u>	<u>from one of the following categories of ethnic background, as set out in the tables in LR 9 Annex 2.1R(b) and LR 14 Annex 1.1R(b), excluding the category “White British or other White (including minority-white groups)”:</u>
	(1) <u>Asian/Asian British;</u>
	(2) <u>Black/African/Caribbean/Black British;</u>
	(3) <u>Mixed/Multiple Ethnic Groups; and</u>
	(4) <u>Other ethnic group, including Arab.</u>

Insert the following new transitional provision, LR TR 18, after LR TR 17 (Transitional Provisions in relation to climate-related financial disclosures under LR 14.3.27R and LR 9.8.6R(8)). The text is not underlined.

TR 18 Transitional Provisions in relation to diversity and inclusion

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
1.	<i>LR</i> 9.8.6R(9), <i>LR</i> 9.8.6R(10), <i>LR</i> 9.8.6R(11) and <i>LR</i> 9.8.6G R	R	<i>LR</i> 9.8.6R(9), <i>LR</i> 9.8.6R(10), <i>LR</i> 9.8.6R(11) and <i>LR</i> 9.8.6G R apply in relation to a financial year of a <i>listed company</i> beginning on or after 1 April 2022.	From 20 April 2022	20 April 2022
2.	<i>LR</i> 14.3.33R and <i>LR</i> 14.3.34R	R	<i>LR</i> 14.3.33R and <i>LR</i> 14.3.34R apply in relation to a financial year of a <i>listed company</i> beginning on or after 1 April 2022.	From 20 April 2022	20 April 2022

Annex C

Amendments to the Disclosure Guidance and Transparency Rules sourcebook (DTR)

In this Annex, underlining indicates new text and striking through indicates deleted text.

7 Corporate governance

...

7.2 Corporate governance statements

...

7.2.8A R (1) The corporate governance statement must contain a description of:

- (a) the diversity policy applied to the *issuer's* administrative, management and supervisory bodies and the remuneration, audit and nomination committees of those bodies with regard to aspects such as, for instance, age, gender, ethnicity, sexual orientation, disability or educational ~~and~~, professional and socio-economic backgrounds;
- (b) the objectives of the diversity policy in (a);
- (c) how the diversity policy in (a) has been implemented; and
- (d) the results in the reporting period.

(2) If no diversity policy is applied by the *issuer*, the corporate governance statement must contain an explanation as to why this is the case.

[**Note:** article 20(1)(g) of the *Accounting Directive*]

...

...

7.2.8C G For the purposes of the description in DTR 7.2.8AR(1)(d), the *issuer* may, where it considers appropriate, include numerical data on the diversity of the members of the bodies and committees referred to in DTR 7.2.8AR(1)(a).

...

TP1	Disclosure and transparency rules
	Transitional Provisions

(1)	(2) Material to which the Transitional Provision applies	(3)	(4) Transitional Provision		(5) Transitional Provision: dates in force	(6) Handbook Provision: coming into force
...						
41	<u>DTR 7.2.8AR and DTR 7.2.8CG</u>	R	(1)	<u>DTR 7.2.8AR(1) and DTR 7.2.8CG apply in relation to a financial year of an issuer beginning on or after 1 April 2022.</u>	From 20 April 2022	20 April 2022
			(2)	<u>In relation to a financial year beginning before 1 April 2022, the corporate governance statement must contain a description of:</u>		
			(a)	<u>the diversity policy applied to the issuer's administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or educational and professional backgrounds;</u>		
			(b)	<u>the objectives of the diversity policy in (a);</u>		
			(c)	<u>how the diversity policy in (a) has been implemented; and</u>		
			(d)	<u>the results in the reporting period.</u>		